

Message Text

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O R 251740Z MAR 77
FM AMEMBASSY LISBON
TO /SECSTATE WASHDC IMMEDIATE 0709
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 3 LISBON 2420

E.O. 11652: XGDS-2
TAGS: PINT, PGOV, PO
SUBJ: CABINET CHANGES

REF: (A) LISBON 2326 (DTG 231759Z MAR 77), (D) 76 LISBON A-216
(DATED AUG 27, 1976)

SUMMARY: PRIME MINISTER SOARES ON MAR 25 CARRIED OUT THE
AWAITED CABINET REORGANIZATION (REF A). MALDONADO GONELHA,
NOBRE DA COSTA, AND MOTA PINTO TOOK OFFICE AS MINISTERS OF
LABOR, INDUSTRY, AND COMMERCE AND A DOZEN NEW STATE SECRETARIES
AND SUBSECRETARIES TOOK OVER. THE CHANGES REFLECT THE GOVERN-
MENT'S CONTINUED SHIFT TOWARDS ECONOMIC PRAGMATISM AND SOARES'S
DESIRE FOR MORE CAPABILITY IN THE CABINET. THE HAND OF THE PRESI-
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DENT IS EVIDENT BOTH IN THE ANNOUNCEMENT AND IN THE QUALITY
OF THE INDIVIDUALS SELECTED. END SUMMARY.

1. (A) MINISTERIAL CHANGES: MINISTER OF LABOR - ANTONIO
MANUEL MALDONADO GONELHA: FORMER MINISTER OF LABOR
MARCELO CURTO DID NOT PERFORM WELL AND MALDONADO
GONELHA HAS LONG BEEN TOUTED AS HIS REPLACEMENT.

MALDONADO GONELHA IS A MAINSTREAM SOCIALIST WHOSE PUBLIC DECLARATIONS ON LABOR POLICY HAVE BEEN CLOSELY ALIGNED WITH POSITIONS ENDORSED PRIVATELY BY MARIO SOARES. MALDONADO GONELHA HAS THUS SPOKEN OUT MORE FORCEFULLY AGAINST PCP DOMINATION OF THE CGTP CONFEDERATION THAN ANY OTHER SOCIALIST. MALDONADO GONELHA'S PRIVATE DECLARATION TO A GROUP OF PS CONSTRUCTION WORKERS THAT HE INTENDED TO "BREAK THE BACK OF THE CGTP" WAS LATER LEAKED TO PRESS. HIS APPOINTMENT IS THUS INDICATIVE OF A HARDER LINE AGAINST THE PCP AND A WILLINGNESS TO CHALLENGE THE CGTP. MALDONADO GONELHA BELIEVES HIS RECORD AS A PS LABOR LEADER DURING SALAZAR/CAETANO REGIMES MAKES HIM IMMUNE FROM PCP ATTACKS SINCE HE WENT THROUGH SAME HARRASSMENT AS THE PCP. MALDONADO GONELHA IS UNUSUAL IN TOP GOVERNMENT CIRCLES IN THAT HE STARTED HIS CAREER AS AN ELECTRICIAN. HE NEVER ATTAINED A UNIVERSITY DEGREE, A HANDICAP IN STATUS-CONSCIOUS PORTUGUESE SOCIETY, BUT WON UNIVERSAL RESPECT FOR HIGH ABILITY, INTENSE WORK, AND DEDICATION TO HIS JOB. MANY FRIENDS ARE CONCERNED ABOUT HIS CAPACITY TO CONTINUE AN UNRELENTING SCHEDULE OF 14 HOUR WORKING DAYS. HE IS A CHAIN SMOKER. ALTHOUGH IN HIS EARLY 40'S, HIS HAIR IS PREMATURELY GRAY AND HE HAS HAD HEALTH PROBLEMS. IF HE SURVIVES THE PRESSURES OF JOB, MALDONADO GONELHA MAY FINALLY BE ABLE TO GIVE PS LABOR STRATEGY SOME SENSE OF COHERENCE AND CONSISTENCY.

(B) MINISTER OF INDUSTRY - ENG. ALFREDO JORGE NOBRE DA COSTA, 50, IS CONSIDERED ONE OF PORTUGAL'S MOST COMPETENT INDUSTRIAL MANAGERS. A 1946 GRADUATE IN
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MECHANICAL ENGINEERING OF THE LISBON INSTITUTE OF TECHNOLOGY, HE SPENT HIS EARLY CAREER WITH PORTUGAL'S NATIONAL STEEL CORPORATION (SIDERURGIA NACIONAL), RISING TO THE POSITION OF ASSISTANT GENERAL DIRECTOR. IN 1964 HE FOUNDED HIS OWN INDUSTRIAL CONSULTING SERVICE, AND IN 1972 WAS NAMED ADMINISTRATIVE DIRECTOR OF SACOR, PORTUGAL'S ONLY GASOLINE REFINER AND LARGEST DISTRIBUTOR. IN THE JAN 1976 RESHUFFLING OF THE SOCIALIST-DOMINATED VI PROVISIONAL GOVERNMENT, NOBRE DE COSTA WAS NAMED SECRETARY OF STATE FOR HEAVY INDUSTRY. COSTA REPLACES SOUSA GOMES WHO REMAINS PLANNING MINISTER.

(C) MINISTER OF COMMERCE - CARLOS MOTA PINTO: HE HAS BEEN PART OF THE MODERATE MAJORITY ON THE CONSTITUTIONAL COMMISSION, TO WHICH HE WAS NAMED BY PRESIDENT EANES. FORMER PARLIAMENTARY LEADER OF THE PPD DURING THE CONSITTUENT

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O R 251740Z MAR 77
FM AMEMBASSY LISBON
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INFO AMEMBASSY BONN
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ASSEMBLY, HE LEFT THE PARTY IN DECEMBER 1975.
PINTO IS A LAW PROFESSOR AT THE UNIVERSITY OF COIMBRA
AND A POLITICAN PAR EXCELLENCE. HE HAS MAINTAINED
CLOSE RELATIONS WITH THE PS AND FRIENDLY TIES TO THE PSD
EVEN AFTER LEAVING THE PARTY. PINTO WAS AN EARLY SUPPORTER
OF THE EANES PRESIDENTIAL CANDIDACY. HIS POLITICAL
POSITIONS ARE MODERATE; HE HAS A FLAIR FOR THE
WORKABLE COMPROMISE. PINTO FAVORS RETURNING NATIONALIZED
ENTERPRISES TO THE PRIVATE SECTOR WHERE FEASIBLE. HE
HAS NO IDEOLOGICAL HANGUPS. DESPITE A COCKY PERSONAL
MANNER, PINTO IS RESPECTED BY ALL. HE HAS BEEN FRIENDLY
AND FORTHCOMING WITH EMBASSY. HE WAS RECENTLY ELECTED ON THE
MODERATE LIST TO ADMINISTER THE COIMBRA LAW FACULTY.
PINTO REPLACES ANTONIO BARRETO WHO RETAINS
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THE AGRICULTURE PORTFOLIO.

2. STATES SECRETARIES AND SUBSECRETARIES:

(A) OFFICE OF THE PRIME MINISTER:

-- STATE SECRETARY FOR POLITICAL AFFAIRS: MANUEL

ALEGRE, A KEY SOCIALIST LEADER WHO HAS BEEN EXPOSED TO PUBLIC CRITICISM IN THE CONTENTIOUS JOB OF COMMUNICATIONS SECRETARY (REF B). ALEGRE REMAINS AN IMPORTANT SOARES ADVISER IN HIS NEW POSITION.

-- STATE SECRETARY FOR SOCIAL COMMUNICATIONS: DR.

ROQUE LINO, IS A LAWYER AND FORMER CABINET CHIEF OF OUTGOING SECRETARY MANUEL ALEGRE. HE FORMERLY WORKED IN THE PORTUGUESE COMPANY FOR MARITIME SHIPPING. LINO WAS A CO-FOUNDER OF THE SOCIALIST PARTY.

-- STATE SECRETARY FOR ADMINISTRATIVE AFFAIRS DR.

ALVARO MONTEIRO DINIS MOVES UP FROM SUBSECRETARY IN THE PRIME MINISTER'S OFFICE (REFTEL).

-- STATE SECRETARY FOR PUBLIC ADMINISTRATION: DR. JOSE DIAS

SANTOS PAIS WAS SECRETARY OF STATE FOR JUSTICE IN AZEVEDO AND SOARES GOVERNMENT. AS STATE SECRETARY, HE HAS BEEN ENGAGED IN JUDICIAL REFORM (REFTEL. PAIS REPLACES MARIO AGUIAR, A PROTEGEE OF LEFTIST MEMBER OF THE REVOLUTIONARY COUNCIL CDR VICTOR CRESPO. WITH PAIS'S NOMINATION, THE IMPORTANT PUBLIC ADMINISTRATION SECRETARIAT IS MOVED FROM THE INTERNAL ADMINISTRATION MINISTRY TO THE PRIME MINISTER'S OFFICE.

(B) LABOR MINISTRY:

-- STATE SECRETARY FOR LABOR: DR. CUSTODIO DE ALMEIDA SIMOES

HAS BEEN LABOR UNDER SECRETARY SINCE THE FORMATION OF THE SOARES GOVERNMENT. A LOW-KEY CONTRAST TO THE NEW, HIGH PRESSURE LABOR MINISTER, SIMOES HANDLED EVER INCREASING RESPONSIBILITIES AS SUBSECRETARY OF STATE WITH COMPETENCE AND FEW VISIBLE SIGNS OF STRESS. HE WORKS CLOSELY WITH MALDONADO GONELHA AND SHARES HIS MAINSTREAM POLITICAL VIEWS. THE TEAM SHOULD GIVE THE LABOR MINISTRY THE STRONGEST LEADERSHIP IT HAS HAD
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(C) FINANCE MINISTRY:

-- SECRETARY OF STATE FOR TREASURY AND FINANCE:

ANTONIO CONSIGLIERI PEDROSO, 47, IS

CURRENTLY CHAIRMAN OF THE BOARD OF THE BANCO PORTUGUES DO ATLANTICO, PORTUGAL'S LARGEST COMMERCIAL BANK. A GRADUATE IN ECONOMICS OF THE LISBON INSTITUTE OF ADVANCED ECONOMIC AND FINANCIAL STUDIES, HE HAS ALSO SERVED AS MANAGER OF PORTUGAL'S NATIONAL DEVELOPMENT BANK (BANCO DE FOMENTO NACIONAL). HE IS A SOLID, SERIOUS ADMINISTRATOR HE WILL REPLACE BOTH MARIA MANUEL MORGADO AND PALMEIRA RIBEIRO, SECRETARIES OF STATE FOR FINANCE AND TREASURY.

-- SUBSECRETARY OF STATE FOR BUDGET:

DR. MORGADO CANDIDO IS CURRENTLY SUB-DIRECTOR FOR CREDIT

INVESTIGATIONS WITH THE CENTRAL BANK. HE HELD RESPONSIBLE
POSITIONS IN THE FOURTH AND FIFTH PROVISIONAL
GOVERNMENTS IN 1975, AND HAS SERVED ON THE MANAGEMENT
COMMISSION OF THE OF THE NATIONALIZED BANCV BORGES IRMAO.
SUBSECRETARY FOR FINANCE: DR. EURICO FERREIRA NUNES.
(D MINISTRY OF INDUSTRY:
-- SECRETARY OF STATE FOR INDUSTRY FRENANDO AUGUSTO DOS
SANTOS MARTINS, 46,

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HE OBTAINED A DEGREE IN MECHANICAL
ENGINEERING FROM THE SUPERIOR TECHNICAL INSTITUTE
AND ONE IN ECONOMICS FROM THE SUPERIOR INSTITUTE OF
SCIENCE, ECONOMICS, AND FINANCE. FROM 1963-65 HE
WORKED FOR THE COMETNA METALLURGICAL COMPANY.
AFTERWARDS HE DIRECTED THE COMETAL-MOMETAL
FIRMS IN MOZAMBIQUE. AFTER HIS RETURN, HE WORKED
WITH EQUIMETAL HEAVY MACHINERY FIRM.
-- SECRETARY OF STATE FOR ENERGY AND MINES:
RECARDO BAIÃO HORTA 35, IS CURRENTLY A MEMBER OF
THE BOARD OF DIRECTORS OF SIDERURGIA NACIONAL (SN). AT SN,

HE PLAYED A MAJOR ROLE IN FORMULATING AN AMBITIOUS INVESTMENT PROGRAM TO BE IMPLEMENTED BEGINNING THIS YEAR. IN PAST CONVERSATIONS WITH EMBOFFS, THE ENERGETIC AND ARTICULATE
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HORTA HAS CRITICIZED THE SOARES GOVERNMENT'S ECONOMIC AND LABOR POLICIES AS WEAK AND INCOHERENT. HE IS NOT KNOWN TO HAVE FORMAL POLITICAL AFFILIATIONS. HE IS RELATED TO BASILIO HORTA, SECRETARY-GENERAL OF THE CDS.

(E) PLANNING MINISTRY - SECRETARY FOR PLANNING - ENG. CARLOS MELANCIA WHO UNTIL NOW HAS SERVED AS STATE SECRETARY FOR HEAVY INDUSTRY (REF B) IS ABOUT 40. HE IS AN IMPRESSIVE, NON-IDEOLOGICAL OFFICIAL WHO SHOULD PERFORM WELL IN HIS NEW POSITION AND BE A CONSIDERABLE IMPROVEMENT OVER HIS PREDECESSOR DR. OLIVEIRA CRUZ.

(F) HOUSING MINISTRY: SUBSECRETARY OF STATE FOR HOUSING, URBANISM, AND CONSTRUCTION: ALMERINDO SANTOS MACHADO.

3. PS VIEWS: PS LEADER JAIME GAMA TOLD THE AMBASSADOR MAR 25 THAT THE CHANGES IN THE GOVERNMENT WERE PROVISIONAL. THERE WILL BE MORE PROFOUND CHANGES LATER THAT WILL REFLECT THE NEW ALIGNMENT OF POLITICAL FORCES. THE MOST IMPORTANT CHANGE IS THE REMOVAL OF CURTO AND ARRIVAL OF NOBRE DE COSTA. THE GREATEST LOSS IS THE DEPARTURE OF CUNHA REGO TO BECOME AMBASSADOR TO MADRID. PS INTERNATIONAL SECRETARY RUI MATEUS TOLD EMBOFF THAT THE CHANGES WERE NOT SCHEDULED TO BE ANNOUNCED UNTIL AFTER THE PRIME MINISTER'S RETURN FROM NORWAY NEXT WEEK, BUT THE PRESIDENT PREFERRED THE ANNOUNCEMENT NOW. THE PS WAS NOT AS FULLY CONSULTED ON THE CABINET CHANGES AS IT HAS BEEN IN THE PAST.

4. COMMENT: THE CHANGES REFLECT THE CONTINUING SOCIALIST SHIFT TO A MORE PRAGMATIC ECONOMIC POLICY AND SOARES'S DESIRE FOR MORE CAPABILITY IN THE CABINET. THE HAND OF THE PRESIDENT IS EVIDENT NOT ONLY IN THE ACCELERATION OF THE ANNOUNCEMENT BUT IN THE QUALITY OF THE INDIVIDUALS SELECTED.

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